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Instructions For Reporting State-Assessed Property

Telecommunication Carriers

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Foreword

The State Board of Equalization is required, under the provisions of section 19 of Article XIII of the Constitution, to assess annually all property, other than franchises, owned or used by telephone companies. These instructions are for the direction of those persons responsible for reporting such property. If you have questions regarding the property statement forms or reporting instructions, contact the Valuation Division, telecommunications section at 916-327-5029.

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I. General Instructions—Property Statement

A. General

A sworn property statement shall be filed annually with the State Board of Equalization by each person, corporation, or other entity owning, claiming, possessing, using, controlling, or managing any state assessed property.

This statement shall consist of:

1. Declaration of Costs and Other Related Property Information
2. Summary Control
3. Tangible Property List
4. Schedules of Leased Equipment
5. Statement of Land Changes and Land Identification Maps
6. Such other information as is hereinafter directed or as may be from time to time requested by the Board.

Except as noted below, all parts of the property statement shall be filed no later than *March 1st* of each year. When there is nothing to report on a portion of the property statement, the state-assessee must submit the appropriate form marked “NONE.” Failure to respond to all parts of the Property Statement may subject the assessee to the penalties of section 830 of the Revenue and Taxation Code.

Telecommunication Carriers whose properties lie entirely within the limits of one county are NOT required to file a Summary Control. There is no separate Tangible Property List (TPL) for continuous structures. All improvements and personal property are reported on the same TPL. Report all continuous structures after all individual items have been listed on the TPL by location.

To meet unusual situations, exceptions to the requirements of these instructions may be granted in writing by the Chief of the Valuation Division.

The Board, for good cause, may grant extensions as follows:

1. Up to 45 days for parts of the property statement relating to development of unitary value indicators. This includes all financial schedules, the summary control, and any supplemental data requested by the Board. It also includes studies and other voluntary information that the assessee believes affects the value of their property.
2. Up to 30 days for parts of the property statement describing specific operating or nonunitary property. This includes Tangible Property Lists, Derivation of Unit Costs, Statements of Land Changes and Land Identification Maps, and Schedules of Leased Equipment.
3. An additional 15 day extension may be granted for either category above upon the showing of extraordinary circumstances which prevent filing the statement within the first extension.

Supplemental reporting instructions may be issued to individual companies when additional data is needed or to clarify these instructions concerning specific issues. These supplemental instructions will be mailed at least 20 days prior to the extended reporting deadline.

Portions of the State Constitution, Revenue and Taxation Code, and other codes have pertinent information relating to the instructions contained in this publication. All of the codes and portions of the State Constitution pertaining to property tax laws are contained in a publication of the State Board of Equalization titled "Property Taxes Law Guide." This publication may be purchased from the State Board of Equalization, Publications Order Desk, 3920 West Capitol Avenue, West Sacramento, CA 95691. This publication and all other property statement forms and publications may be obtained from the Internet site of the Board of Equalization at www.boe.ca.gov.

All information provided in the Property Statement declaration is subject to audit.

B. Declaration of Costs and Other Related Property Information (form BOE-517-LD)

This property statement must be signed by the owner or partner of the business, a duly appointed fiduciary, or an agent. When signed by an agent or employee other than a member of the bar, a certified public accountant, a public accountant, or a duly appointed fiduciary, the assessee's written authorization of the agent or employee to sign the statement on behalf of the assessee should be on file with the Valuation Division. The entry on the line "title" should clearly indicate whether or not written authorization is required to be filed with the Board.

In the case of a corporation, the property statement must be signed by an employee or agent whom the board of directors has designated in writing (other than those excepted above), by name or by title, to sign such statements on behalf of the corporation, or by an officer of the corporation. The board of directors may appoint a person or persons to designate such employee or agent. The name of the corporation should be entered on the line provided.

Sign the property statement in accordance with the requirements listed above. Title 18, section 172 of the California Code of Regulations provides that statements not properly signed have not been properly submitted.

Failure to provide the below listed schedules could subject a state assessee to the penalties of Revenue and Taxation Code 830.

1. Statement of Authorization.

In the cases where a company is assigning an agent or authorized representative other than the owner or a corporate officer to act as agent for Property Taxes matters with the Board of Equalization, a Statement of Authorization (form BOE-892) must be filed with the Valuation Division. The filing must be submitted annually in order for the agent or representative's status to remain current.

2. Financial Schedules A, B, B-1, C, C-1, D, and E.

These schedules shall be used to show the original cost, year of acquisition, associated revenues and expenses, and other information about property as required by the Valuation Division:

a. Schedule A - Comparative Balance Sheet

Complete using a December 31 balance sheet if available. Place California amounts in the boxes as indicated. Report plant and equipment at original historical cost, **NOT** net of depreciation.

b. Schedule B - Plant and Equipment in California

All assets shall be reported on Schedule B at original or book cost. Report end of year

system balance in the far right column. Report property additions and retirements in the appropriate column. Additions are the cost totals for new property added to a category during the year. Retirements are the original historical cost of property removed from service during the year. If Additions and/or Retirements are reported for Land or Rights of Way, Easements, etc., a Statement of Land Changes (form BOE-551) must be filed with the Valuation Division. Private right of way costs should be reported on Schedule B with the account number used by the company to identify the cost. Report Construction Work In Progress (CWIP) as indicated. Original or book cost should include all the capitalized costs of placing an asset into service as explained in Section I-7.

c. Schedule B-1 - Cost Detail of Depreciable Property (California and System)

Report, by year of acquisition, the costs incurred to acquire property for each of the categories. DO NOT report costs net of depreciation. Report original historical cost as explained in Section I-7. DO NOT report costs associated with the acquisition of applications software or licensed motor vehicles. The totals for each category should reconcile to the corresponding categories on the Schedule B. Report property physically located in California on the Schedule B-1 marked "California." Report system property totals, including California property, on the Schedule B-1 marked "System."

d. Schedule C - Income Statements (System and California)

Report revenues and expenses related to the operation of the telecommunication property reported on Schedule B. Report California revenue and expenses on the Schedule C marked "California." If California only information is not available write "not available" on the form. Report system wide revenue and expense data, including results from California operations, on the Schedule C marked "System."

e. Schedule C-1 - California Allocation Data

Provide the data requested for both California operations and System operations. If a requested item is not available, write "not available" in the appropriate space. If an entity's operations are entirely within the State of California, report the same amounts in the System and California spaces.

f. Schedule D - Statement of Income and Retained Earnings

Provide the requested information as indicated.

C. Tangible Property List (TPL)

1. General

All state-assessed property (owned or used) in California except licensed motor vehicles, other exempt property and land shall be listed on the Tangible Property List (TPL). The TPL must be filed using the electronic format described below.

Electronic TPL Filing Format—A 3.5-inch diskette or compact disc should be used to file a BOE-533-E TPL in template approved by the Valuation Division. In order to facilitate an acceptable electronic filing, please request an electronic TPL template and instructions from Mr. Jim Santillan by email at Jim.Santillan@boe.ca.gov. The template is in an Excel spreadsheet format and it contains detailed instructions. A hardcopy printout of the TPL must be included with the diskette to constitute a proper filing. See Appendix F – Sample Form BOE-533-E Electronic Tangible Property List Data for an example of the printed file. Once an acceptable electronic TPL has been filed with the Valuation Division, that electronic template may be used to file an acceptable TPL in succeeding years.

The TPL shall accurately describe the property as it exists at 12:01 a.m. on the first day of January. Each entry on the TPL must include the following data elements:

- a) **Assessee Name**—Each TPL page shall be completed with the name of your business entity.
- b) **SBE Number**—Each TPL item shall be completed with your SBE assigned assessee number.
- c) **County Number**—Each TPL item shall be completed with the numerical equivalent for county name. A listing of county names and county numbers is provided in Appendix E.
- d) **Identification Number**—Each TPL item should be assigned an identification number 1 to 6 digits that is unique in each county. The same item located in the same county reported in subsequent years should use the same identification number.
- e) **Description**—41 spaces are available to describe each item. Conspicuous structures, such as individual buildings, shall be separately described by giving their street address if one is assigned and their function, i.e., office building or warehouse. The improvement must be further described by identifying the SBE land parcel on which it is situated.
- f) **Tax Rate Area**—The general countywide Tax Rate Area 000 001 00 for unitary property should be listed first. All property carried on the books of the assessee in nonoperating accounts, or classified by the Valuation Division as nonoperating property in the prior year shall be reported in the specific Tax Rate Area where such property is located. See Appendix A for an explanation of Tax Rate Areas.
- g) **TPL Item**—TPL items shall be numbered consecutively beginning with item one (1) to the end of each County.
- h) **Account Prefix**—The account prefix should be one that was selected from the table shown in Appendix C.
- i) **Account Number**—Account numbers shall be those established by your regulating authority (CPUC, FCC, etc.) using the format (9999.99).
- j) **Amount**—Original cost (100 percent of acquisition cost without depreciation) shall be reported for each item listed. Include all costs required to place the property in service. For self-constructed property, impute an amount for items of cost not directly incurred. All costs should be expressed in whole dollars. Leased property should be listed on the TPL with no dollar amounts shown.

2. Leased Properties.

Leased properties, (excluding licensed motor vehicles, other exempt property, and land) reported to the Board for assessment must be included in the TPL. No costs or account numbers need be associated with leased properties. See Appendix F, Sample Form BOE-533-E, item 6. Leased properties should be reported in the county wide Tax Rate Area 000 001 00.

3. Continuous Structures.

Continuous structures items like those shown in the table in Appendix B should also be reported in the TPL. The description field should include the number of units, e.g., Poles 75 each, or Aerial Wire 20 miles (Refer to Section 1 f, Description, for additional information). The amount reported for each continuous line item shall reflect the actual investment cost if

available, otherwise report the extended amount, i.e., number of units, multiplied by the cost per unit, equals the extended amount.

4. Nonoperating Properties.

All properties carried on the books of the assessee in nonoperating accounts or classified by the Valuation Division as nonoperating property the prior year, must be listed on the TPL and in addition to the above criteria, must be grouped according to the specific Tax Rate Area, where such nonoperating property is located.

D. Summary Control

This statement, with the exceptions noted below, shall show a summary by accounts of:

1. Costs reported with tangible property list items of property
2. Cost of land
3. Cost of licensed vehicles
4. Cost in overhead accounts if not spread over other accounts
5. Other costs
6. Accrued depreciation of nonoperating property, other plant and equipment, and licensed motor vehicles.

The Summary Control statement shall be reconciled with the assessee's records as of December 31. The total tangible property list items on the Summary Control must agree with the totals on the TPL. Land and licensed motor vehicle costs are not to be included in the TPL.

The form in which the Summary Control shall be prepared is shown in Appendix H of these instructions.

E. Statement of Land Changes

All land owned or used by state assessees other than land associated with intercounty pipelines must be reported to the Board. The term "used by" includes properties leased by the state-assessee from private parties (Leased) or government agencies (Possessory Interests). The Board may delegate assessment responsibility to local assessors when state assessees use only a small part of a leased property and the taxes are to be paid by a local assessee.

Assessees that own, lease, or use a fiber optic right of way must report the number of miles of right of way on the Schedule of Fiber Optic Right of Way Miles, form BOE-534-FO.

1. General.

The Statement of Land Changes (SLC), form BOE-551, shall list all lands which have been acquired or disposed of (including partial sales or leases) since the date of the previous property statement. The SLC must be filed with the property statement, or within 60 days of acquisition or disposal, whichever is earlier. State assessees filing a property statement for the first time must file an SLC for each land parcel in which they have an interest. The SLC must be completed in its entirety. If a section of the SLC does not apply to the parcel being reported, it should be marked "Not Applicable" or "N/A." If no transactions involving land have occurred since the last property statement, an SLC should be filed marked "None" or "No Changes."

The SLC requests the following information:

- a. Tax Rate Area.
- b. Map and parcel numbers (see Land Identification Maps).
- c. Area (acres or square feet) of parcel, or mileage if a right of way parcel.
- d. Both old and new parcel numbers in the case of reparcelling.
- e. Name and address of grantor or grantee (lessor or lessee if leased land).
- f. Type of instrument and date of agreement.
- g. Recording reference and date.
- h. Description of improvements included.
- i. The consideration (if any).
 1. Purchase price
 2. Sale price
 3. Monthly/Annual rental at start of lease
 4. Current rental
- j. County assessor's parcel number.
- k. Lease information.

2. Leased Properties.

In the case of a new lease, a description of the terms of the lease shall be given, including the amount of the current rental, the term of lease, and renewal options, if any. If the terms of the lease are complex, or cannot be fully described in the space provided, attach a copy of the lease. Leased properties include property leased to or from another person. The improvements being leased shall be itemized. A copy of the building plan should be included for newly leased structures.

Whenever there is a renewal of the lease on real property which is reported to the Board, an SLC shall be filed with the Valuation Division. A brief description of the terms of the renewal shall be given, including the amount of the rental and the new expiration date. The SLC should be clearly marked "Lease Renewal."

Legal parcels which are entirely leased (100%) by a state assessee must be reported to the Board on a Statement of Land Changes (form BOE-551). Three copies of land identification maps must be included.

If one state assessee (lessee) leases property from another state assessee, the lessee shall report the leased property on an SLC.

A ground lease for a portion of a legal land parcel (partial lease) for facilities such as cellular telephone sites, microwave sites (passive or active), repeater sites, substations, etc., shall be reported.

A ground lease for a portion of a legal parcel (partial lease) for a regeneration site or for a communications tower in which the equipment is located within a portion of a building should not be reported unless the leased portion is from a tax exempt lessor (possessory interest).

A lease of a portion of office or commercial space within an existing building, roof-top space for communications equipment, or vault space within an existing privately owned communications

facility (partial leases) should not be reported unless the leased portion is from a tax exempt lessor. State assessee owned or used equipment at these locations is assessable and shall be reported on the TPL.

3. Possessory Interests.

Taxable possessory interest means a possessory interest in nontaxable publicly owned real property, as such property is defined in section 104 of the California Revenue and Taxation Code, and in taxable publicly owned real property subject to the provisions of sections 3(a), (b) and 11, Article XIII of the Constitution. For further definitions of possessory interests see Property Tax Rule 20, Title 18, California Code of Regulations. It should be noted that the partial lease provisions of item 2 above do not apply to possessory interests.

In listing a possessory interest in a parcel owned by a tax-exempt government agency, the name of the agency shall be shown the terms, and the expiration date of the agreement shall be stated. If the possessory interest is derived from a permit or license, the area (or length) and type of use must be stated.

4. Partial Interests.

The following variations are applicable to particular kinds of partial interests in land:

- a. In listing an undivided interest in a parcel, the total area of the parcel shall be shown, together with the nature and extent of the assessee's interest, and the names of the other owners.
- b. In listing a special interest in a parcel, such as oil rights only, or a full interest except for oil rights, the nature and extent of the interest shall be shown.
- c. In listing water rights, descriptions shall include the name of the granting agency, the tax situs, the quantity of water use allowed by the water right, the use to which the water will be put, and any other information deemed necessary. The Land Identification Map and parcel number shall be shown if the situs is at a parcel.
- d. In reporting easements or sub-easements granted in Rights of Way (continuous land corridors), the following information shall be provided in addition to the information requested in Item E-1: total mileage of the easement, the mile posts that mark the beginning and end of the easement, the amount of the consideration paid for the easement (either lump sum or annual payments), and the grantor of the easement. Attach a copy of the easement agreement with the Statement of Land Change form. Provide maps detailing the route of the easement as explained in Item E-6. All easements shall be reported, including those provided for a nominal sum in Rights of Way owned by governmental entities.
- e. In listing miscellaneous rights in land not covered above, the rights shall be fully described.

5. Nonoperating Land Parcels.

Land parcels that are carried on the books of the assessee in nonoperating accounts, or that were classified by the Valuation Division as wholly or partially nonoperating the prior year must be reported by Tax Rate Area. If the Tax Rate Area code differs from that of prior year, the change must be reported to the Board. If a changed Tax Rate Area boundary splits an existing nonoperating parcel, the parcel must be split accordingly, and a new parcel map filed. The standard SLC shall be used for this type of transaction. If the changed Tax Rate Area boundary

encompasses an entire parcel, only the changed Tax Rate Area code number need be reported. A special SLC (form BOE-551-TRA) may be used to report this change, and no new map need be filed.

6. Land Identification Maps.

Each statement of land changes, except those related solely to a rental increase or a rental extension, shall be accompanied by Land Identification Maps (Maps). Land Identification Maps shall be filed in triplicate, with the name of the company and the name of the county on each map. The Map shall be assigned map and parcel numbers as outlined below. Each Map shall show such information as will clearly describe and locate the property with respect to:

- Officially established lines such as section lines, parcel lines, parcel centerlines and intersection lines.
- Reference points shown on maps of record such as township and range.
- Assessor parcel number as it pertains to the parcel being reported.

This information shall include, if necessary, legal descriptions or references to maps filed with the county recorder under the provisions of Division 3, commencing with section 66499.50 of Title 7 of the Government Code. Maps showing information other than land location matters may be used, but such other information will not be considered a part of the description for purposes of assessment.

When Maps are prepared, they shall be 20" x 30" in overall dimensions, with a 1-3/4" margin on the left 20" side. The scale of the map and the direction of North shall be shown on all Maps. Previously prepared maps, such as Interstate Commerce Commission valuation maps, will be accepted up to a maximum overall size of 24" x 56". County assessor's parcel maps will be acceptable, provided they meet the previously stated tests for clarity of description, and if they have the parcel being described clearly delineated.

Land Identification Maps shall be assigned a three part number; for example, 872-34-6B or 1284-34-7. In the first example, 872 is the SBE number assigned to the assessee; 34 is the code number of the county, being the county's position in an alphabetical tabulation of counties; 6 means that the Map is number 6 in a series of Maps for that county; 6B indicates that changes occurred as shown on Map 6 after it was originally filed, requiring reparable as shown in Map 6A, and further reparable as shown on 6B. Parcel numbers shall be assigned consecutively beginning with Parcel 1 for each map. Parcel numbers shall restart with number 1 on each subsequent revision to the base map.

Each new map showing the reparable of parcels on a previously filed map shall be given the same number as the original map with the suffix "A" (or "B", "C", etc., when more than one supplementary map is filed). No land which remains correctly described by the original map shall be shown as parcels on the new map with the suffix.

Each nonoperating parcel shall be entirely within one Tax Rate Area, and no parcel shall extend beyond the limits of one map. It is not necessary to show Tax Rate Area numbers on the map. A map may contain more than one parcel in the same county. Maps of nonoperating parcels may contain more than one Tax Rate Area, as long as each parcel is totally included in one Tax Rate Area. Additional parcels cannot be shown using the same map number in a subsequent year; letter suffixes must be added.

Maps shall not be refiled annually. New maps shall be filed only under the following circumstances:

- a. When it is necessary to show new parcels acquired subsequent to the prior year lien date property statement.
- b. When new parceling of previously reported parcels is necessary; for example, new Tax Rate Area boundary lines splitting a nonoperative parcel, or when a portion of a previously reported parcel is disposed of. In the latter case, only the portion retained is to be shown on the new map.

Changes such as disposal of an entire parcel, changes in the non-fee status that do not affect the boundaries of the parcel, lease renewals, etc., do not require the submission of new maps, and new maps will not be accepted under these circumstances.

When a new parcel is acquired that is contiguous to an existing parcel, it is desirable to consolidate the parcels into one (providing they are in the same Tax Rate Area if nonoperative). At other times it may be desirable to consolidate or modify parcel boundaries or descriptions. In these cases, the Valuation Division should be contacted in advance.

Any deviations from the above standards must be approved by the Valuation Division in advance, and in writing.

F. Schedule of Intangible Information

The Schedule of Intangible Information, form BOE 529-I, shall be used to declare intangibles. If intangibles are declared, they should be itemized and include a corresponding value. The basis of each value should also be described on the form.

If no intangibles are declared, check the box titled **No Reportable Intangibles**, or mark the “N/A” box on the front of the form BOE-517 indicating nothing to be reported.

G. Schedule of Leased Equipment

Personal property or equipment in the possession of the assessee which is rented or leased is to be reported on forms BOE-600-A or BOE-600-B. All equipment which the state assessee (lessee) is obligated by the terms of the lease to report for ad valorem tax purposes shall be listed on form BOE-600-A. Equipment for which there is not a written understanding between the state assessee and the lessor as to which one is to report the property for assessment shall also be included on form BOE-600-A. Property leased from an entity described in Revenue and Taxation Code section 235 (financial corporation) must be reported on **form BOE-600-A** notwithstanding the terms of the lease with respect to payment of the property taxes.

The total cost of form BOE-600-A property shall be listed as a single line item on the form BOE-517 Schedule B and on the Summary Control (BOE-552). The property shall be identified with the caption “BOE-600-A Property”. This property shall **NOT** be listed on the form BOE-517 Schedule B-1.

All equipment which, either by the terms of the lease or by a written understanding between the state assessee and the lessor, the lessor is to report to the local assessor for assessment to the lessor on form BOE-600-B and shall NOT be included in the Tangible Property List. Forms BOE-600-A, or B for reporting leased personal property or equipment may be obtained from the Valuation Division.

Additional instructions are printed on the reverse side of each form.

H. Fiber Optic Miles of Right of Way

Form BOE-534-FO, ***Schedule of Fiber Optic Right of Way***, should be used to report annually to the Valuation Division the number of miles of California fiber optic right of way (ROW)/ easements. The assessee is not required to report fiber optic ROW on form BOE-551, ***Statement of Land Changes***. Please contact Mr. Daniel Sakai at (916) 324-2968 if you need assistance completing this form.

For purposes of this publication, right of way is defined as any land or partial interest in land owned or used for the purpose of laying or placing fiber optic cable in order to transmit voice, data, or video signals. The term “used by” shall include land leased by a state assessee from private parties (leased) or government agencies (possessory interest). A right of way is created when fiber optic cable is installed on a pole, buried in the ground or laid on the surface of the ground.

If you do not own or use any fiber optic ROW, check the box titled ***No Property Interest***, on form BOE-534-FO.

When completing form BOE-534-FO, the following information should be provided.

- Lien date (year)
- Assessee Name
- SBE Number assigned to your company
- Number of miles, by county, of public ROW located in a public street or highway
- Number of equivalent miles, by county, of private shared ROW.
- Number of miles, by county, of private ROW (Not Shared) and any taxable possessory interest (PI) not located in a public street or highway.
- Number of miles of local assessed ROW, by county
- Total number of miles, by county
- Grand total of California ROW miles

Provide one copy of a ROW route map or “As Built” drawings from your engineering department in sufficient detail to locate on the ground. This is not a request for assessor parcel maps. All maps should be to scale to allow verification of the miles of ROW.

Classification of Fiber Optic Right of Way

Each mile of ROW shall be classified as public, private shared, private not shared, or locally assessed.

ROW located above, below, or along a public street or highway shall be classified as public. ROW assessed by the county assessor with the larger parcel from which the easement originated shall be classified as locally assessed. Private ROW shall be any remaining miles.

Report only permanent ROW. Do not report any temporary parcels used for construction of the fiber optic system.

All miles are route (not fiber) miles and should be the total linear miles in, on, or along the ground. Do not include any miles located in a building.

The following table should be used as a general guideline in classifying ROW. It does not represent a complete list of the numerous and varied land rights and agreements. Please check with your engineering and/or real estate staff for assistance in classifying ROW miles.

Type of Property	Public Street/Hwy	Private Shared	Private Not Shared	Locally Assessed
Fee Simple		YES	YES	
Leased		YES	YES	
ROW and Easement Agreement		YES	YES	
Taxable PI (<i>in public street or hwy</i>)	YES			
Taxable PI (<i>not in public street or hwy</i>)			YES	
ROW/Easement Valued by County Assessor (<i>Value of ROW/easement is included in the value of the larger parcel from which the easement originated</i>)				YES
Indefeasible Right to Use (I.R.U.) Agreement	YES	YES		
Fiber Swaps or Exchange of Capacity Agreement (<i>Report owned ROW only. Do not report used ROW.</i>)		YES	YES	

I. Other Information

1. Annual Report to the California Public Utilities Commission.

One copy of the annual report required to be submitted to the California Public Utilities Commission (CPUC) shall be submitted with the property statement (if applicable). If this item is not ready as of March 1, an extension of time for its filing may be requested.

2. Annual Report to the Federal Communications Commission.

One copy of the annual report required to be submitted to the Federal Communications Commission (FCC) shall be submitted with the property statement (if applicable). If this item is not ready as of March 1, an extension of time for its filing may be requested.

3. SEC Form 10K Filing.

Two copies of the annual Securities and Exchange Commission Form 10K annual report shall be submitted by companies having publicly traded securities. If this item is not ready as of March 1, an extension of time for its filing may be requested.

4. Annual Report to Shareholders.

Six copies of the annual report to shareholders shall be submitted as part of the property statement. If this item is not ready as of March 1, an extension of time for its filing may be requested.

5. Foreign Improvement Lists.

Each state-assessee shall annually file a statement attesting to the separate ownership of improvements located on land owned by the assessee, with the assessor of each county where such property is located, and shall furnish a copy of the statement to the Valuation Division.

6. Construction Work in Progress.

Construction Work in Progress (CWIP) should be reported as follows:

- a. Preliminary Engineering Costs as Part of Taxable CWIP—Preliminary Engineering Costs are those costs incurred prior to the commencement of a construction project such as feasibility studies, architectural drawings, and engineering studies. Preliminary Engineering Costs may also include architectural and engineering costs incurred during the construction phase of the project, providing they relate to the overall project rather than to the portion of the project currently being constructed. **These costs should be metered in as part of taxable CWIP based on the percentage of completion as of January 1.** Ideally, this completion percentage should be based on an engineering estimate. However, if an engineering estimate is not obtainable, a completion percentage based on the incurred costs of construction including overhead to January 1, divided by the estimated total costs for the project will be accepted.
- b. Overhead Costs as Part of Taxable CWIP—The reported amount for CWIP should include the proper loading for Overhead Costs. Overhead Costs are indirect labor, injuries and damages, taxes, general and administrative expenses, and overhead loading such as Allowance for Funds Used During Construction (AFUDC). The reported CWIP for California is considered to be properly loaded with its respective amount of taxable Overhead Costs when:
 1. The taxable Overhead Costs are traceable to the taxable property; or
 2. The taxable CWIP is loaded with its proportionate share of Overhead Costs based on the percentage of the job's incurred taxable costs including the metered in Preliminary Engineering Costs to the total expenditures as of the lien date. This percentage is expressed as:
$$\frac{\text{Taxable costs to date before overhead loading}^1}{\text{Total costs to date before overhead loading}}$$
- c. CWIP should be reported in two categories:
 1. CWIP representing construction of new facilities
 2. CWIP representing replacement of existing facilitiesIf precise dollar amounts for the two categories of CWIP are not available, percentages may be reported with an explanation of how the percentages were derived.
- d. All CWIP must be included in the TPL.

7. Book Cost.

The book cost of an asset should include all the capitalized costs of placing an asset into service. These costs include but are not limited to:

- a. Purchase price.
- b. Sales and use taxes.
- c. Transportation charges.

¹Taxable costs to date, less nontaxable preliminary engineering and less any other nontaxables such as prepayments for out-of-state equipment

- d. Installation charges.
- e. Construction period finance charges.
- f. Construction period opportunity costs.
- g. Engineering and design costs.

If the book cost being reported does not include these capitalized costs or other capitalized costs that were incurred in order to place assets into service, report such costs on a separate schedule.

If any of the costs referred to above are being expensed, report such costs on a separate schedule.

Self-constructed equipment and buildings:

The book cost of self-constructed equipment and buildings should include all the costs referred to above. The book cost should be the cost that an unrelated party, bearing the full economic burden, would charge to place an asset into service on a turnkey basis. If any of these costs were not incurred as a cash expenditure, impute an economic (prevailing rate at the time of construction) dollar amount and report such amounts on a separate schedule.

8. Inventory Data.

- a. Inventory quantity and amount, at book cost, as of the lien date.
- b. The average quantity and amount of inventory, at book cost, on hand during calendar year. This may be calculated by determining an average based on the ending balances for the twelve months.
- c. Exempt inventory (items held for sale or lease in the ordinary course of your business) or supplies that will become a component part of a product you manufacture or sell shall not be reported on the Tangible Property List (form BOE-533).

9. Working Cash.

Report estimated working cash necessary for operations based upon the latest lead/lag studies required by the most recent rate cases. Should no current lead/lag study be available, report estimated working cash by other appropriate or generally accepted practices. In either instance, detailed analysis of how estimate was derived should be included.

10. Payments to Local Governments in California.

A statement of payments to local governments in 2005 for the use of public property. Indicate those payments that are based on agreements entered into prior to December 1955 and which have not been subsequently extended or renewed.

11. Exempt Software

Pursuant to Revenue and Taxation Code section 995, storage media for computer programs, such as hard drives, shall be valued for property tax purposes as if there were no computer programs on such media other than basic operational programs. In other words, computer programs other than basic operational programs are not subject to property tax. Revenue and Taxation Code section 995.2 defines the term "basic operational program." All software programs not considered "basic operational programs" may be referred to as "exempt software programs" or "nontaxable programs." It is the assessee's responsibility to identify and remove

all exempt software program costs from taxable accounts and report these costs separately to the Board of Equalization on the Schedule B and Summary Control portions of the Property Statement.

All reported costs of exempt software programs are subject to audit. In support of an assessee's claimed software exemption, Property Tax Rule 152 (f) states, "A person claiming that a single-price sale or lease includes charges for nontaxable programs and services should be required to identify the nontaxable property and services and supply sale prices, costs or other information that will enable the assessor to make an informed judgment concerning the proper value to be ascribed to taxable and nontaxable components of the contract." *Other information* can include, but is not limited to, a detailed study from the manufacturer of the equipment. Property Tax Rule 152 (e) also states, in part, "the assessor, lacking evidence to the contrary, may regard the total amount charged as indicative of the value of taxable tangible property."

II . Specific Instructions

A. Interexchange Carriers

An interexchange carrier is a telecommunications company providing services between local telephone exchange areas. Carriers possess their own switching facilities and may possess their own network backbone, such as a fiber optic network.

These companies receive form package BOE-517-TC.

B. Competitive Local Carriers/Competitive Access Providers

A competitive local carrier (also known as a competitive local exchange carrier or competitive access provider) provides its customers with an alternative to the incumbent local exchange carrier for the local transport of private line and special access telecommunication services.

These companies receive form package BOE-517-TC.

C. Satellite Communications Carriers

Companies authorized by the Federal Communications Commission to provide two-way satellite telecommunication services are subject to state-assessment.

These companies receive form package BOE-517-TC.

III. Appendices

Appendix A. Tax Rate Areas

Each county in California is divided into taxing districts, or a combination of taxing districts called Tax Rate Areas. Each Tax Rate Area within a county is assigned a unique Tax Rate Area number in that county. The Tax Area Services Section (TASS) of the Assessment Policy and Standards Division defines the boundary of all Tax Rate Areas and assigns the Tax Rate Area numbers. The purpose of the Tax Rate Areas is to determine the property tax amount by applying a specific tax rate, corresponding to the Tax Rate Area where the property is located, to the assessed value of that property.

Tax Rate Area maps are available for use by the taxpayer at the Board headquarters office in Sacramento, or a taxpayer may inspect the maps at the local assessor's offices. Copies of these maps may be purchased from TASS.

Information regarding the Tax Rate Area number for a specific location can be obtained from TASS. A subscription service is available for a fee. Any questions or requests should be directed to TASS by contacting Tax Area Services Section, PO Box 942879, Sacramento, California 94279-0059, or by telephone at 916-322-7185.

Appendix B. Continuous Structures Item Description Table

Description	Unit of Measure
Exchange Poles	EA
Exchange Aerial Wire	MI
Exchange Aerial Cable	MI
Exchange Underground Cable	MI
Exchange Buried Cable	MI
Exchange Submarine Cable	MI
Exchange Underground Duct	MI
Telephone Stations	EA
Fiber Optic Cable	MI
Exchange Coaxial Aerial Cable	MI
Exchange Coaxial Underground Cable	MI
Exchange Coaxial Buried Cable	MI
Exchange Coaxial Submarine Cable	MI
Toll Poles	EA
Toll Aerial Wire	MI
Toll Aerial Cable	MI
Toll Underground Cable	MI
Toll Buried Cable	MI
Toll Submarine Cable	MI
Toll Underground Duct	MI
Toll Coaxial Aerial Cable	MI
Toll Coaxial Underground Cable	MI
Toll Coaxial Buried Cable	MI
Toll Coaxial Submarine Cable	MI

Appendix C. Account Prefixes

Prefix	Description
C	Common
D	Private Rail Cars
E	Electric
G	Gas
M	Radio Common Carrier
P	Pipelines
S	Steam
T	Competitive Local Exchange Carrier
T	Competitive Access Providers
T	Interexchange Reseller
T	Interexchange Telephone
T	Local Exchange Telephone
T	Wireless
R	Railroads
W	Water

Appendix D. List of Available Publications

67EG	Electric Generation Companies
67GE	Gas, Electric and Gas Transmission Companies
67LE	Telephone Companies—Local Exchange Carriers
67PL	Intercounty Pipelines and Watercourses
67RC	Telephone Companies—Radio Common Carriers
67RF	Railcar Maintenance Facilities
67RR	Railroad Companies
67TC	Telecommunication Carriers
67TR	Telecommunication Resellers
67WT	Telephone Companies—Wireless

Copies of the above listed publications may be obtained by writing to:

State Board of Equalization
Valuation Division, MIC:61
PO Box 942879
Sacramento CA 94279-0061

Or by logging on to the Board of Equalization Internet site at **www.boe.ca.gov**.

Appendix E. List of California Counties

COUNTY NUMBER	COUNTY NAME	COUNTY NUMBER	COUNTY NAME
1	ALAMEDA	30	ORANGE
2	ALPINE	31	PLACER
3	AMADOR	32	PLUMAS
4	BUTTE	33	RIVERSIDE
5	CALAVERAS	34	SACRAMENTO
6	COLUSA	35	SAN BENITO
7	CONTRA COSTA	36	SAN BERNARDINO
8	DEL NORTE	37	SAN DIEGO
9	EL DORADO	38	SAN FRANCISCO
10	FRESNO	39	SAN JOAQUIN
11	GLENN	40	SAN LUIS OBISPO
12	HUMBOLDT	41	SAN MATEO
13	IMPERIAL	42	SANTA BARBARA
14	INYO	43	SANTA CLARA
15	KERN	44	SANTA CRUZ
16	KINGS	45	SHASTA
17	LAKE	46	SIERRA
18	LASSEN	47	SISKIYOU
19	LOS ANGELES	48	SOLANO
20	MADERA	49	SONOMA
21	MARIN	50	STANISLAUS
22	MARIPOSA	51	SUTTER
23	MENDOCINO	52	TEHAMA
24	MERCED	53	TRINITY
25	MODOC	54	TULARE
26	MONO	55	TUOLUMNE
27	MONTEREY	56	VENTURA
28	NAPA	57	YOLO
29	NEVADA	58	YUBA

TANGIBLE PROPERTY LIST - ELECTRONIC**Appendix F. Sample Form BOE-533-E Tangible Property List - Electronic**

ABC Telephone Company

TANGIBLE PROPERTY LIST

1 of 1

SBE Number	County Number	Ident Number	Description	TRA	Item	Amount	Account Prefix	Account Number
2999	43	124252	Building, Santa Clara	100	1	527,000	T	302.00
2999	43	123481	Leasehold Improvements, Santa Clara	100	2	7,500	T	304.00
2999	43	154721	General Purpose Computers, Santa Clara	100	3	25,000	T	2124.00
2999	43	162738	Aircraft, Santa Clara	100	4	150,000	T	2113.00
2999	43	172635	Furniture and Office Equipment, Santa Clara	100	5	25,000	T	318.00
2999	43	176352	Imp. on Map 2999-40-001 par 3 LSD		6		T	
43 Total						734,500		
Grand Total						734,500		